

SENATE BILL 2460
By Cooper

AN ACT to amend Tennessee Code Annotated, Title 50, Chapter 7, Part 4, relative to the establishment, operation, and funding of an employment training program.

WHEREAS, the Tennessee General Assembly finds that the development and expansion of business, commerce, and industry are essential to the economic growth of this state and to the full employment, welfare and prosperity of its citizens; and

WHEREAS, studies have shown that the availability of an educated, skilled work force is a critical factor in an employer's decision to relocate or expand its operations; and

WHEREAS, the economy of Tennessee is today being challenged by competition from other states and other countries, and our success in meeting that challenge will depend largely on our ability to maintain and improve a skilled and productive work force; and

WHEREAS, employers, workers' organized labor, and government need to work together to ensure that the labor force of this state is prepared to succeed in the economic environment of the next century; now, therefore,

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. As used in this act, unless the context otherwise requires:

(1) "Demand occupation" means an occupation in which, as a result of business development, there are or will be positive job growth to job replacement ratios within the

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next twelve (12) to twenty-four (24) months, according to the best available sources of state and local labor market information.

(2) "Department" means the department of economic and community development.

(3) "Emerging occupation" means an occupation that arises from forces related to technological changes in the workplace and the work of which cannot be performed by workers from other occupations without customized education or training.

(4) "Existing Employer" means an employer that has been liable to pay unemployment insurance contributions under Tennessee Code Annotated, Title 50, Chapter 7, for more than one (1) year.

(5) "Fund" means the Tennessee Job Skills Fund created in Section 3 of this act.

SECTION 2. (a) The Tennessee Job Skills Program is created in the department of economic and community development as a work force development incentive program to enhance employment opportunities and to meet the needs of existing and new industries in this state.

(b) The program shall give priority to the creation and retention of high wage jobs and focus on employers in industries that promote high-skill, high-wage jobs in high-technology areas, emerging occupations or skilled manufacturing jobs.

(c) At least sixty percent (60 %) of funds spent on grants shall be used for assisting existing employers.

SECTION 3. (a) The Tennessee Job Skills Fund is established as a separate account in the general fund.

(b) The fund is composed of:

(1) money transferred into the fund pursuant to Tennessee Code Annotated, Section 50-7-403;

(2) gifts, grants, and other donations received by the department for the fund;
and

(3) funds appropriated by the general assembly.

(c) Money in the fund may be used for program administration, marketing expenses, and program evaluation, however, such expenses shall not exceed five percent (5%) of the total amount appropriated for the program in any fiscal year.

(d)(1) Amounts remaining in the fund at the end of each fiscal year shall not revert to the general fund.

(2) Monies in the fund shall be invested by the state treasurer pursuant to Tennessee Code, Annotated, Title 9, Chapter 4, Part 6, for the sole benefit of the fund and interest accruing on investments and deposits of the fund shall be returned to the fund and remain part of the fund.

(e) No federal grant funds shall be used to audit the fund or to administer the provisions of this act.

(f) It is the intent of the legislature that, to the extent practicable, money from the Tennessee Jobs Program shall be spent in all areas of the state.

SECTION 4. (a) The following employers may apply for a grant from the fund:

(1) One (1) or more employers to secure training for demand occupations, emerging occupations, or manufacturing occupations.

(2) One (1) or more employers acting in partnership with an employer organization, labor organization, or community-based organization to secure training for demand occupations, emerging occupations, or manufacturing occupations.

(3) One (1) or more employers acting in partnership with a consortium composed of more than one (1) provider to secure training for demand occupations, emerging occupations, or manufacturing occupations.

(b) All grant applications must contain the following:

- (1) The number and kinds of jobs available;
- (2) The skills and competencies required for the identified jobs;
- (3) The starting wages to be paid to trainees on successful completion of the project;
- (4) The goals, objectives, and outcome measurements for the project;
- (5) The proposed curriculum for the project;
- (6) The projected cost per person enrolled, trained, hired and retained in employment; and
- (7) Any other information deemed necessary by the department.

(c) Grants from the fund shall be awarded only to employers who certify that:

- (1) A job or job opening exists or will exist at the end of the project for which the grant is sought.
- (2) That such job openings will be filled by participants in the project.
- (3) The starting wage for a new job created through the project will be equal to or greater than the prevailing wage for that occupation in the local labor market area.

SECTION 5. Tennessee Code Annotated, Section 50-7-403(b)(1)(A), is amended by deleting the last sentence and by substituting instead the following:

The employer premium rate shall be determined by matching the reserve ratio to the appropriate premium rate tables 1, 2, 3, 4, 5, 6, 7, 8, 9, and 10 in subsection (g).

SECTION 6. Tennessee Code Annotated, Section 50-7-403(g), is amended by deleting the first sentence in its entirety and by substituting instead the following:

Variations from the standard rate of premiums for employers other than those referred to in 50-7-207(b)(3)(A) and (B) shall be determined, beginning July 1, 1998, by the reserve ratio of each employer in accordance with premium tables 1, 2, 3, 4, 5, 6, 7, 8, 9, and 10 as set forth below, depending upon the provisions of subsection (k).

SECTION 7. Tennessee Code Annotated, Section 50-7-403(g), is amended by deleting the chart which reads as follows:

RATE

	PREMIUM TABLE 1	PREMIUM TABLE 2	PREMIUM TABLE 3	PREMIUM TABLE 4	PREMIUM TABLE 5	PREMIUM TABLE 6	PREMIUM TABLE 7	PREMIUM TABLE 8	PREMIUM TABLE 9
	TRUST FUND UNDER \$300 MILLION	TRUST FUND \$300 TO \$350 MILLION	TRUST FUND \$350 TO \$400 MILLION	TRUST FUND \$400 TO \$450 MILLION	TRUST FUND \$450 TO \$500 MILLION	TRUST FUND \$500 TO \$550 MILLION	TRUST FUND \$550 TO \$600 MILLION	TRUST FUND \$600 TO \$650 MILLION	TRUST FUND \$650 MILLION AND OVER
20.0 AND OVER	.50	.45	.40	.30	.20	.15	.10	.05	.00
18.0 AND LESS THAN 20.0	.70	.65	.55	.35	.25	.20	.15	.10	.05
16.0 AND LESS THAN 18.0	.90	.70	.65	.40	.30	.25	.20	.15	.10
14.0 AND LESS THAN 16.0	1.1	.75	.70	.40	.37	.32	.27	.22	.17
12.0 AND LESS THAN 14.0	1.3	1.2	1.0	.50	.45	.40	.35	.30	.25
11.0 AND LESS THAN 12.0	1.6	1.4	1.2	.75	.68	.60	.55	.50	.45
9.5 AND LESS THAN 11.0	2.1	1.8	1.5	1.0	.90	.80	.75	.70	.65
8.0 AND LESS THAN 9.5	2.5	2.1	1.8	1.2	1.1	1.0	.95	.90	.85
7.0 AND LESS THAN 8.0	2.9	2.5	2.1	1.5	1.4	1.3	1.25	1.20	1.15
6.0 AND LESS THAN 7.0	3.3	2.8	2.4	1.8	1.7	1.6	1.55	1.50	1.45
5.0 AND LESS THAN 6.0	3.8	3.2	2.7	2.1	2.0	1.9	1.85	1.80	1.75
2.7 AND LESS THAN 5.0	4.1	3.5	3.0	2.4	2.3	2.2	2.15	2.10	2.05
0.0 AND LESS THAN 2.7	4.5	3.9	3.3	3.0	2.7	2.6	2.55	2.50	2.45
LESS THAN 0.0 AND MORE THAN -2.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
-2.0 AND MORE THAN -4.0	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
-4.0 AND MORE THAN -6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
-6.0 AND MORE THAN -8.0	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
-8.0 AND MORE THAN -10.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
-10.0 AND MORE THAN -12.0	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5
-12.0 AND MORE THAN -14.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
-14.0 AND MORE THAN -16.0	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5
-16.0 AND MORE THAN -18.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
-18.0 AND MORE THAN -20.0	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5
-20.0 AND UNDER	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0

and by substituting instead the following:

RATE

	PREMIUM TABLE 1	PREMIUM TABLE 2	PREMIUM TABLE 3	PREMIUM TABLE 4	PREMIUM TABLE 5	PREMIUM TABLE 6	PREMIUM TABLE 7	PREMIUM TABLE 8	PREMIUM TABLE 9	PROPOSE D PREMIUM TABLE 10
	TRUST FUND	TRUST FUND	TRUST FUND	TRUST FUND	TRUST FUND	TRUST FUND	TRUST FUND	TRUST FUND	TRUST FUND	TRUST FUND
RESERVE RATIO PERCENT	UNDER \$300 MILLION	\$300 TO \$350 MILLION	\$350 TO \$400 MILLION	\$400 TO \$450 MILLION	\$450 TO \$500 MILLION	\$500 TO \$550 MILLION	\$550 TO \$600 MILLION	\$600 TO \$650 MILLION	\$650 MILLION AND OVER	\$700 MILLION AND OVER
20.0 AND OVER	.50	.45	.40	.30	.20	.15	.10	.05	.00	.00
18.0 AND LESS THAN 20.0	.70	.65	.55	.35	.25	.20	.15	.10	.05	.05
16.0 AND LESS THAN 18.0	.90	.70	.65	.40	.30	.25	.20	.15	.10	.10
14.0 AND LESS THAN 16.0	1.1	.75	.70	.40	.37	.32	.27	.22	.17	.02
12.0 AND LESS THAN 14.0	1.3	1.2	1.0	.50	.45	.40	.35	.30	.25	.10
11.0 AND LESS THAN 12.0	1.6	1.4	1.2	.75	.68	.60	.55	.50	.45	.30
9.5 AND LESS THAN 11.0	2.1	1.8	1.5	1.0	.90	.80	.75	.70	.65	.50
8.0 AND LESS THAN 9.5	2.5	2.1	1.8	1.2	1.1	1.0	.95	.90	.85	.70
7.0 AND LESS THAN 8.0	2.9	2.5	2.1	1.5	1.4	1.3	1.25	1.20	1.15	1.00
6.0 AND LESS THAN 7.0	3.3	2.8	2.4	1.8	1.7	1.6	1.55	1.50	1.45	1.30
5.0 AND LESS THAN 6.0	3.8	3.2	2.7	2.1	2.0	1.9	1.85	1.80	1.75	1.60
2.7 AND LESS THAN 5.0	4.1	3.5	3.0	2.4	2.3	2.2	2.15	2.10	2.05	1.90
0.0 AND LESS THAN 2.7	4.5	3.9	3.3	3.0	2.7	2.6	2.55	2.50	2.45	2.45
LESS THAN 0.0 AND MORE THAN -2.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
-2.0 AND MORE THAN -4.0	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
-4.0 AND MORE THAN -6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
-6.0 AND MORE THAN -8.0	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
-8.0 AND MORE THAN -10.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
-10.0 AND MORE THAN -12.0	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5
-12.0 AND MORE THAN -14.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
-14.0 AND MORE THAN -16.0	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5
-16.0 AND MORE THAN -18.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
-18.0 AND MORE THAN -20.0	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5
-20.0 AND UNDER	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0

SECTION 8. Tennessee Code, Annotated, Title 50, Chapter 7, Part 4, is amended by adding the following new Section:

SECTION _____. In addition to any premiums imposed by this act, there is hereby levied on each employer with a reserve ratio of 2.7 but less than 16, a separate and additional assessment of 0.15% of taxable wages paid by the employer as defined in Tennessee Code Annotated, Section 50-7-207. This assessment shall be known as the job skills assessment and shall be deposited into the fund created in Section 3. This assessment shall apply only when premium table 10, as defined in Section 50-7-403 (g), is in effect. The assessment shall be due at the same time, collected in the same manner, and subject to the same penalties and interest as a contribution assessed under Section 50-7-404 of this act.

SECTION 9. Each employer who receives a grant pursuant to the provisions of this act shall file a final report at the conclusion of the grant period which contains the following information:

- (1) The number of participants in the project who are employed at the conclusion of the project.
- (2) The number of participants in the project who are not employed at the end of the project.
- (3) The starting wage of each participant employed.
- (4) Any other information required by the department.

SECTION 10. The department shall adopt rules and regulations in accordance with the provisions of Tennessee Code Annotated, Title 4, Chapter 5, to implement the provisions of this act. Prior to the formal submission of such rules and regulations in accordance with the provisions of such law, the department shall submit draft rules and regulations to the joint select committee on business taxes for review and comment. Such committee shall comment on such rules and regulations within sixty (60) days.

SECTION 11. The department shall report annually to the joint select committee on business taxes on the Tennessee Jobs Skills Program.

SECTION 12. This act shall take effect July 1, 1998, the public welfare requiring it.